

Unknown

From: Messmore, William [william.messmore@lehman.com]
Sent: Friday, May 09, 2008 8:17 AM
To: Montgomerie, Rick
Cc: Vaughan, Charlie; Vloedman, Peter
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Looking into it. Thanks

-----Original Message-----

From: Montgomerie, Rick [mailto:Rick.Montgomerie@magnetar.com]
Sent: Thursday, May 08, 2008 3:38 PM
To: Messmore, William
Cc: Vaughan, Charlie; Vloedman, Peter
Subject: Fw: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Will,

This came through from the security department of Collins (brokers). Could you comment as we need to get back to them.

Best regards,
Rick

Rick Montgomerie
MV Re
12 Clifford Street
London W1S 2LL
M: +44 7788 628673
O: +44 20 7514 5427
mvre@magnetar.com
rick.montgomerie@magnetar.com

MV Re is affiliated with Magnetar Capital MV Re is authorised and regulated by the Financial Services Authority

-----Original Message-----

From: Treacy, John <John.Treacy@collins.com>
To: Montgomerie, Rick; Shaffer, Mike <Mike.Shaffer@collins.com>
CC: Vaughan, Charlie
Sent: Thu May 08 07:44:39 2008
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Rick - in our earlier conversation, you mentioned that the assets posted by Pulsar as collateral are maintained in "segregated accounts" which, were controlled by Lehman Re and not accessible by Lehman Bros. I am not seeing those assets on LRe's balance sheet or disclosed in their financials. Can you clarify...or direct us to a contact at Lehman Re to clarify.
Thanks....john

>> John C. Treacy

Executive Vice President/CFO

3/5/2009

952-820-1045 direct

651-492-2970 cell

John.Treacy@collins.com

Collins.com <<http://www.collins.com>>

From: Montgomerie, Rick [<mailto:Rick.Montgomerie@magnetar.com>]
Sent: Thursday, May 08, 2008 1:21 AM
To: Shaffer, Mike
Cc: Vaughan, Charlie; Treacy, John
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Mike,

Thanks for your e-mail. The 2007 financials should be ready any moment and we will forward them to you as soon as we receive them. Please see the attached from A M Best and below.

With reference to A.M. Best's recent press release regarding Lehman Re, we would like to add some background and further information.

As a result of a periodic review, A.M. Best has revised its rating of Lehman Re ("Lehman") to 'A' Stable. An 'A' rating puts them in the top 33% of Property-Casualty and Composite companies rated by A.M. Best.

We have been informed that the driving factor for this rating change was Lehman's non-standard business plan, which differs enough from other companies in the 'A+' rating category that it felt an 'A' rating was more appropriate. This is referenced in the press release. A.M. Best also noted that Lehman's capitalization remains strong and that its profitability is improving.

You will recall that in addition to Lehman's statutory capital, Pulsar Re posts collateral for all business underwritten through Lehman. The gross premium to surplus ratio today is approximately 0.2 to 1. The business model of diversification through many non-correlating events remains unchanged.

A reminder of how our business structure works:

Business sourced by MV Re is underwritten on Lehman Re paper backed by collateral provided by Pulsar Re (capitalized at approximately \$780m to date). This security is then further backed up by the balance sheet of Lehman Re (A.M. Best 'A' stable rated) with GAAP equity of \$370m as of year end 2007 and a Net Worth Maintenance Agreement from Lehman Brothers Holdings Inc. to Lehman Re. This ensures that Lehman Re remains solvent at all times and able to comply with Bermuda Monetary Authority rules of maintaining capital adequacy to match its Class 4 license.

For your information, as of February 29th, 2008, Lehman Brothers' total stockholders' equity was \$24.8 billion, and total long-term capital (stockholders' equity and long-term borrowings, excluding any borrowings with remaining maturities of less than twelve months) was \$153.2 billion.

The Holding Company had a robust liquidity pool of \$34 billion at quarter end. In addition, the Holding Company had other unencumbered assets of \$64 billion and its regulated entities had unencumbered assets of \$99 billion at quarter end.

3/5/2009

We are around all day so please do not hesitate to give either of us a call with any questions.

Best regards,

** Please note with immediate effect new e-mail, office address and telephone number:

Rick Montgomerie
MV Re
12 Clifford Street
London W1S 2LL
M: +44 7788 628673
O: +44 20 7514 5427
mvre@magnetar.com <mailto:mvre@magnetar.com> rick.montgomerie@magnetar.com
<mailto:rick.montgomerie@magnetar.com>

Charlie Vaughan
MV Re
12 Clifford Street
London W1S 2LL
M: +44 7768 078980
O: +44 20 7514 5426
mvre@magnetar.com <mailto:mvre@magnetar.com> charlie.vaughan@magnetar.com
<mailto:charlie.vaughan@magnetar.com>

MV Re is affiliated with Magnetar Capital MV Re is authorised and regulated by the Financial Services Authority

=====

This message and any attachments are confidential to the sender and the persons to whom they are addressed and may be protected by legal privilege. If you receive this e-mail in error, please contact the originator and delete it immediately. Thank you.

From: Shaffer, Mike [mailto:Mike.Shaffer@collins.com]
Sent: 08 May 2008 00:42
To: Montgomerie, Rick; Montgomerie, Rick
Cc: Vaughan, Charlie; Treacy, John; Shaffer, Mike
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Rick,

I don't recall getting the 2007 year-end financials for Lehman Re; are they available yet? If for some reason you've already sent them and I misplaced them, I apologize.

We see that AM Best just downgraded to A from A+.

3/5/2009

Regards,

>> Mike Shaffer

Assistant Vice President

952-820-2711 direct

Mike.Shaffer@collins.com

Collins.com <<http://www.collins.com>>

From: Montgomerie, Rick [mailto:Rick.Montgomerie@magnetar.com]
Sent: Tuesday, April 08, 2008 3:42 PM
To: Shaffer, Mike; Treacy, John
Cc: Vaughan, Charlie
Subject: RE: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Mike, John

Thank you for your e-mails. We are awaiting 2007 Financials which should be available any time. As soon as they are we will send you a copy.

Many thanks,

Rick

**** Please note with immediate effect new e-mail, office address and telephone number:**

Rick Montgomerie
MV Re
12 Clifford Street
London W1S 2LL
M: +44 7788 628673
O: +44 20 7514 5427
mvre@magnetar.com <<mailto:mvre@magnetar.com>> rick.montgomerie@magnetar.com
<<mailto:rick.montgomerie@magnetar.com>>

Charlie Vaughan
MV Re
12 Clifford Street
London W1S 2LL
M: +44 7768 078980
O: +44 20 7514 5426
mvre@magnetar.com <<mailto:mvre@magnetar.com>> charlie.vaughan@magnetar.com
<<mailto:charlie.vaughan@magnetar.com>>

3/5/2009

MV Re is affiliated with Magnetar Capital MV Re is authorised and regulated by the Financial Services Authority

This message and any attachments are confidential to the sender and the persons to whom they are addressed and may be protected by legal privilege. If you receive this e-mail in error, please contact the originator and delete it immediately. Thank you.

From: Shaffer, Mike [mailto:Mike.Shaffer@collins.com]
Sent: 08 April 2008 21:30
To: Montgomerie, Rick
Subject: MV Re/Pulsar Re/ Lehman Re - Collins Security Committee

Hi Rick,

I wanted to follow-up to our phone call from March 28th (yourself, John Treacy and me). I am simply wondering if you can get me the 2007 year-end financials for Lehman Re, or get me a contact at Lehman Re who might have this information.

Thanks for your time explaining the whole MV Re/Pulsar Re/ Lehman Re relationship. It was very helpful.

Best regards,

>> Mike Shaffer

Assistant Vice President

952-820-2711 direct

Mike.Shaffer@collins.com

Collins.com <<http://www.collins.com/>>

CONFIDENTIALITY NOTICE

This e-mail message from John B. Collins Associates Inc. is intended only for the individual or entity to which it is addressed. This e-mail may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this e-mail by accident, please notify the sender immediately and destroy this e-mail and all copies of it.

CONFIDENTIALITY NOTICE

3/5/2009

This e-mail message from John B. Collins Associates Inc. is intended only for the individual or entity to which it is addressed. This e-mail may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this e-mail by accident, please notify the sender immediately and destroy this e-mail and all copies of it.

The information contained in this message and its attachments is intended only for the private and confidential use of the intended recipient(s). If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and destroy this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly prohibited.

CONFIDENTIALITY NOTICE

This e-mail message from John B. Collins Associates Inc. is intended only for the individual or entity to which it is addressed. This e-mail may contain information that is privileged, confidential and exempt from disclosure under applicable law. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you received this e-mail by accident, please notify the sender immediately and destroy this e-mail and all copies of it.

The information contained in this message and its attachments is intended only for the private and confidential use of the intended recipient(s). If you are not the intended recipient (or have received this e-mail in error) please notify the sender immediately and destroy this e-mail. Any unauthorized copying, disclosure or distribution of the material in this e-mail is strictly prohibited.

This message is intended only for the personal and confidential use of the designated recipient(s) named above. If you are not the intended recipient of this message you are hereby notified that any review, dissemination, distribution or copying of this message is strictly prohibited. This communication is for information purposes only and should not be regarded as an offer to sell or as a solicitation of an offer to buy any financial product, an official confirmation of any transaction, or as an official statement of Lehman Brothers. Email transmission cannot be guaranteed to be secure or error-free. Therefore, we do not represent that this information is complete or accurate and it should not be relied upon as such. All information is subject to change without notice.

----- IRS Circular 230 Disclosure:

Please be advised that any discussion of U.S. tax matters contained within this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding U.S. tax related penalties or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.